PROCEEDINGS

OF THE

TRAVANCORE SRI MULAM ASSEMBLY

THIRD ASSEMBLY.

FIRST SESSION.

Monday, the 14th August 1944/30th Karkatakam 1119.

(OFFICIAL REPORT)

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The Assembly met in joint session with the Sri Chitra State Council in the Legislative Chamber at 12 noon with Sachivottama Sir C. P. Ramaswami Aiyar, K. C. S. I., K. C. I. E., LL. D., Dewan of Travancore in the Chair.

CONDOLENCE MOTION REGARDING THE DEMISE OF PRINCE AVITTAM THIRUNAL.

PRESIDENT : Before any other business is taken up by this Joint Session of the Travancore Legislature, a duty devolves upon me and my fellow members which I proceed to discharge.

I move from the Chair "That this Joint Session of the Travancore Legislature begs to convey its loyal and respectful sympathy and condolences to His Highness the Maharaja and the members of His family on the unexpected and mournful demise of the heir-presumptive Prince, Avittam Thirunal, which has cast a gloom over the whole State.

We shall carry it in the usual manner standing.

The motion was carried all the members standing.

BUSINESS OF THE HOUSE.

PRESIDENT : With regard to the business for to-day, the Financial Secretary's budget speech will be made immediately. In all probability it may occupy about an hour. I shall then follow with my statement on the budget proposals, on the post-war programme and the normal programme of the State, and my speech will probably take an hour and a half or two hours. In these circumstances, and in order to cause as little inconvenience as possible to honourable members of the Legislature, I propose with your leave that the Financial Secretary's speech should be delivered now, that we should adjourn at about 1 o'clock and meet again at 2 o'clock when I shall commence my speech.

FINANCIAL SECRETARY'S SPEECH INTRODUCING THE BUDGET FOR 1120 M. E.

MR. S. NARAYANA AIYAR (*Ag. Financial Secretary to Government*): Sir, ...

MR. K. S. JOSEPH (*Member, Sri Chitra State Council—Mavelikara and Tiruvalla cum Pathanamthitta*) : Sir, I rise to a point of order. Is the member allowed to read his speech?

PRESIDENT: Apparently the honourable member is not aware of the practice all over the world. In the House of Commons the Budget speech is read. The only exception was in the case of Mr. Gladstone who, on one occasion, relying on his phenomenal memory, carried all the figures in his head and did not read, but delivered his speech. In France it is read. In the United States it is read. In the Central Legislative Assembly it is read. If the honourable member raises a point of order without understanding the position, I am sorry for the honourable member.

MR. S. NARAYANA AIYAR: Sir, It is now my duty to present the Budget Estimates for the year 1120. When a little over a year ago, the financial statements for the current year were laid before the House by my predecessor in office, the signs of victory were just emerging out of the dark and sombre clouds. But the silver streak is rapidly extending and the definite and sure indications of a complete victory at no distant date seem to be within easy sight of us. Many and varied have been the changes wrought by four and a half years of war; and the changes are no doubt a mixed bag of good and evil. While on the one hand, there is suffering, considerably relieved though, by effective measures of control and rationing, from shortages of various kinds, there is on the other, a plethora of money in the country as a result of higher prices and larger demands for our raw and manufactured products, the large profits arising out of war-contracts and other business and the exodus of a large number of our people for employment in various branches of the Defence services. The finances of the State are also correspondingly buoyant and our revenues now stand at heights, so far unattained. But when the war ceases, as it must ere long, there will naturally be a turn in the tide of affairs. There may be some shrinkage in our revenues, though not, perhaps, to the pre-war level. We will be faced with the task of dealing fairly and sympathetically with large numbers of our demobilised men, for whom suitable employment may have to be found, lest the grim disasters of the war should be closely followed by the grimmer menaces of unemployment and consequent distress. How far these possible contingencies have been kept in view in framing the Budget Estimates for the next year and how far the budget that I am about to present to the House is aimed to be not the budget for a year, but the budget for a constructive programme for post-war conditions as well, the House will, I hope, be able to appreciate when I have finished. But before I begin to lay bare to the House the outstanding features of the budget for the next year, I shall briefly review the results of the financial transactions of the Government for the last completed financial year.

ACTUALS OF 1118.

2. The budget for 1118 was prepared on the basis of a revenue realisation of Rs. 290·22 lakhs and a programme of expenditure charged to revenue of Rs. 285·13 lakhs leaving a small revenue surplus of Rs. 5·09 lakhs. The revised estimates were however, fixed at

Rs. 375·41 lakhs for receipts and Rs. 294·57 lakhs for expenditure The actual collections during the year mounted up to Rs. 398·09 lakhs, while the expenditure stood at Rs. 294·89 lakhs. The year thus closed with a revenue surplus of Rs. 103·20 lakhs, as against Rs. 5·09 lakhs anticipated in the Budget Estimates and Rs. 80·84 lakhs in the revised estimates. The improvement in revenue was mostly under Taxes on Income, Stamps, Customs, Salt, Registration and the State Transport. The more important of the various factors that contributed to the increase in expenditure were Food Control measures, A. R. P. and other measures of internal security, Contributions in aid of the War and the grant of dearness allowance to the officers in the lower ranks of the Government service. The surplus of Rs. 103·20 lakhs stands credited to the Post-war Reconstruction Fund.

3. In the capital section, the total expenditure during the year 1118 was Rs. 32·19 lakhs as against Rs. 30·29 lakhs provided for in the Budget Estimates. The organisation of the Coastal Transport Scheme accounts for the slight increase in capital expenditure.

REVISED ESTIMATES—1119.

4. I shall now pass on to the year which is just on the eve of its close. When framing the Budget Estimates for the current year, we anticipated a revenue realisation of Rs. 385·54 lakhs and provided for a programme of expenditure charged to revenue of Rs. 327·79 lakhs. But on the basis of the figures booked so far and in the light of the actual experience of the previous months of the year, the revenue is expected to mount up to Rs. 489·41 lakhs, and the expenditure to Rs. 364·08 lakhs. In the result, the year, it is hoped, will close with a revenue surplus of Rs. 125·33 lakhs as against the budget forecast of Rs. 57·75 lakhs. The variations between the budget and the revised estimates, both on the revenue and the expenditure sides, are explained in the Budget Memorandum, copies of which are placed on the table along with copies of the Budget Estimates for 1120. I shall not therefore tax the patience of the House by reiterating every little item of such variations and shall just make a passing reference to the more salient features of the variations. The anticipated increase in revenue is most marked under Customs, Excise, Stamps and Registration, Forests, Taxes on Income and Railways. Though the receipts from the Cochin Harbour are likely to fall short of the original anticipations, the betterment of our Customs revenue under Land Customs, supplemented by an increase of Rs. 5 lakhs under Excise Duty on Matches including the contribution from the Government of India, will more than compensate for the apprehended deterioration in the Cochin Harbour receipts. The lion's share of the expected increase of Rs. 12·7 lakhs under Excise is under Abkari which takes up Rs. 7·5 lakhs, Opium and Ganja, following up with an increase of Rs. 3·6 lakhs. The larger consumption of country liquor by the labouring classes who now earn substantially higher wages than in the pre-war days and the very effective checking of illicit tapping and distillation have contributed

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to the improvement of the receipts under duty on arrack and tree-tax. The increasing number of documents registered, particularly in connection with the redemption of mortgaged properties, is clearly reflected in the prospect of a better revenue under Registration and Stamps. The betterment of Forest revenue is due to the larger exports of our forest produce, especially timber, in execution of war orders and the higher prices which they fetch. Under Taxes on income, the receipts are expected to mount up by about Rs 34 lakhs as a result of the large profits derived from business, particularly war-contracts and the assessment of Agricultural Incomes, the collections under which head are expected to stand at Rs. 15 lakhs. The increase in traffic, both passenger and goods, the utilisation of the Railway for the transport of war-supplies and the rebate of Rs. one lakh which the Government of India have allowed us in respect of Bengal coal used for our Railways, have tended to the appreciation of our Railway receipts.

5. On the expenditure side, the anticipated increase of Rs. 36·29 lakhs is, to some extent evenly distributed among the various departments of the administrative machinery and is due to the increase in establishment charges on account of the recent revision of salaries of Government servants. Questions relating to the fixation of the salaries of Government servants under the present conditions and the need to effect a general revision were carefully examined by the Government from two distinct points of view *viz.*, the temporary disequilibrium produced as the immediate effect of the war and the general rise in the standards of life and the consequent necessity to level up salaries as a permanent measure. They arrived at the definite conclusion that the present state of affairs has specially affected persons with small fixed incomes like Government servants in the lower grades and they accordingly sanctioned, with effect from 1-6-1119, a general scheme for the revision of the salaries of the officers of the service fixing the minimum salary of peons and other menial servants at Rs. 14 per mensem in the expensive towns and that of the clerical staff at Rs. 25 per mensem. Side by side with this general revision, which is of a permanent nature, the rates of war allowance have also been increased as a temporary measure for the duration of the war. The scope of the allowance has also been extended, the present rates ranging from Rs. 7 to Rs. 12 in the case of the pensionable servants and the full-time contingent employees and being applicable to all officers, whose pay does not exceed Rs. 137 per mensem including the allowance. With a view to keep within bounds the increase in establishment charges that must necessarily follow these measures, calculated to ameliorate, to the extent possible, the hard lot of Government servants having to depend upon fixed incomes, but to meet the increased cost of living, Government are also giving their careful attention to the possibilities of retrenchment of personnel without however sacrificing efficiency of service for economy. In view to the consideration and the sympathy which the low paid pensioners of Government, who have spent the best part of their lives in the service of Government, deserve from their

former employers, a temporary increase of Rs. 2 per mensem has also been sanctioned by the Government to all pensioners whose pensions including the temporary increase do not exceed Rs. 22 per mensem. This accounts for the increase of expenditure anticipated under superannuation allowances. I may inform the House in this connection that the rates of war allowance in the case of our Government servants and the temporary increase in our pensions are lower than the corresponding rates in the Cochin State and the Madras Presidency. In the Cochin State the rates of war allowance vary from Rs. 10 to Rs. 14 and the allowance is payable to officers whose emoluments including the allowance do not exceed Rs. 214 per mensem. In the Madras Presidency, the rates vary from Rs. 10 to Rs. 13 and the allowance is payable up to the limit of emoluments of Rs. 213 including the allowance. The Government of India are proposing to extend the scope of the war allowance to all officers whose pay is within the limit of Rs. 1,500. The temporary increase in pension in the Cochin State ranges from Rs. 5 to Rs. 7 and is payable in respect of all pensions which, with the allowance, do not exceed Rs. 107, while in the Madras Presidency the rates vary from Rs. 3 to 4, the allowance being payable in respect of pensions up to the limit of Rs. 44 in the aggregate including allowances.

Apart from this general increase in establishment and pension charges common to all the departments of the service, the increase of expenditure in the revised estimates is marked under Education, Stationery and Printing, Public Works, and Contribution towards war efforts. The payment of war allowance to teachers in aided schools also accounts for the increase of expenditure under Education. Stationery and Printing charges must inevitably exceed the budget anticipations on account of the abnormal rise in the price of stationery articles and printing materials. The provision of additional funds for meeting the increased cost of maintenance of roads etc., due to the increased cost of labour and materials accounts for the increase of expenditure under Public Works. Our food control operations, to which I shall revert later on when dealing with the budget estimates for the next year, have also pushed up the expenditure.

Though no specific provision was made in the budget for the year for payment of contributions to the War Fund, a sum of Rs. 4·5 lakhs has actually been spent on this account. Our total contributions to date in aid of the war stand at Rs. 24·5 lakhs, besides placing at the disposal of the Allies our Infantry Units. This contribution includes the Trawler *H. M. I. S. Travancore* costing Rs. 6·5 lakhs and also the Fighter Planes contributed to the Royal Air Force.

As the net result of the several variations in revenue and expenditure between the budget and the revised estimates, the current year is, as already stated, expected to close with a revenue surplus of Rs. 125·33 lakhs as against Rs. 57·75 lakhs anticipated in the Budget Estimates.

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Fully aware as the Government are, that this substantial increase in the revenue surplus is, to a large extent, due to the operation of circumstances connected directly or indirectly with the war conditions, they have decided to transfer the entire surplus to the Revenue Reserve and Post-war Reconstruction Funds to be drawn upon only for financing schemes of public utility and reconstruction measures.

6. Our capital programme for the year 1119 which was estimated to work up to Rs. 60·65 lakhs is expected actually to stand at Rs. 56·74 lakhs only, on account of the difficulty in getting materials from abroad.

BUDGET ESTIMATES FOR 1120.

7. I shall now deal with the ensuing year. The total revenue estimates from the existing sources amount to Rs 507·19 lakhs, as compared with the revised estimates of Rs 489·41 lakhs for the current year. Though, on the basis of the relation between the budget estimates and the revised estimates for the current year and keeping in view the upward trend of prices and the increasing demand for our goods, we might have reasonably estimated a revenue of about Rs 6 crores for the coming year, we have in a spirit of conservatism pitched our estimates deliberately low. The increase in revenue as compared with the revised estimates for the current year, is to a certain extent, uniformly spread over all the important revenue-yielding items, but is most conspicuous under Excise and Taxes on Income, the former, due to the increasing consumption of country liquor, as a result of the enhanced spending power of the labouring classes and the latter, on account of the growing economic prosperity of the 'business' classes, As a check against the increasing consumption of country liquor, arrack, etc., Government have increased the duty on these and enhanced their supply prices. With the prospect of our revenues from the ordinary sources reaching beyond Rs 5 crores, it is hardly necessary to resort to any new taxation for augmenting our resources and it is not proposed to levy any new tax or to enhance the rates of any of the existing taxes, except to impose a tax on excess profits. This, the House will, it is hoped, appreciate, is not meant so much as a source of revenue as a necessary step in furtherance of our anti-inflationary measures and necessitated by the importance of achieving uniformity of policy with the Central Government and the leading Indian States.

8. The Excess Profits Tax is in the nature of a temporary tax related to abnormal conditions created by the war. The imposition of Excess Profits Tax by the State in cases of emergency has enough justification both from the administrative and economic points of view. The levy of this tax is in the first place a method of equalising the burden of taxation on the nation during exceptional times, such as the war and secondly prevents the concentration of wealth in the hands of a few, especially when many in the country have to sacrifice even their

ordinary necessities of life in times of emergency. Excess Profits Tax was levied in British India during the last war and is again being charged in British India and the United Kingdom during this war. This is not therefore a new tax.

The Excess Profits Tax is leviable only on such profits as are in excess of the profits of the pre-war standard period and have accrued during the chargeable accounting period. Like incometax, it is not chargeable on all incomes, profits or gains from whatever source arising. This tax will not apply to agricultural incomes or to other receipts not chargeable to tax under the provisions of the Travancore Income Tax Act. It differs from income tax in that it is chargeable, not on all or total income, but only on profits arising from certain businesses. The tax leviable is a percentage of the excess profits. If the excess profits do not exceed Rs 36,000, no question of liability to excess profits tax arises at all. The revenue realised from this source will not be appropriated for the ordinary expenditure on running the administrative machinery, but will be ear-marked for expenditure on post-war reconstruction schemes. It is expected that the levy of the tax will bring in a revenue of about Rs 25 lakhs, which will raise our total revenues for the next year to Rs 532·19 lakhs, a peak figure never reached in the history of the finances of the State, leaving us with a revenue surplus of Rs 103·36 lakhs after providing for an ordinary expenditure of Rs 428·83 lakhs charged to revenue. Out of this surplus of Rs 103·36 lakhs, a sum of Rs 32·5 lakhs is proposed to be immediately utilised for post-war reconstruction works and the balance of Rs 70·86 lakhs will be credited to the Post-War Reconstruction Fund to be drawn up on in future.

The question may reasonably be raised by the House, why, with the prospects of such a favourable revenue realisation, the Government went to the market for raising a loan towards the close of this year. I may inform the House that the loan was issued, not because Government apprehended any fall in their revenues with the possible liability of a deficit budget, but with a view primarily to absorb the accumulating surplus of purchasing power and to provide an effective check on inflationary tendencies that have recently been in evidence in the State and also to provide adequate finances for the implementing of the post-war reconstruction schemes, such as the establishment of basic, heavy and subsidiary industries, improvement of agriculture by reclamation, as also to finance, for the time being and if found absolutely necessary, the Food Grains purchase programme of the Government. The fact that even within the State, the loan was oversubscribed within five minutes of its opening is, the Honourable members will not deny, a clear indication of the inflationary tendencies in the State. As a further step towards the effective checking of such inflationary tendencies and as a means of sound investment for the smaller investors, especially to the agriculturists, to whom an opportunity has to be given for saving, when they could, having regard to the

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fluctuating economic conditions, Government have sanctioned the introduction in the State, of the counterpart of the Small Savings Scheme of the Government of India.

9. I shall now turn to the expenditure side. But before I proceed to explain to the House the details of our programme of expenditure for the next year, I wish to keep the House informed of certain radical changes in the general principles of budgeting which have been adopted in framing the next year's programme. Hitherto, it had been the practice to fix the programme of expenditure for a year primarily with reference to the anticipated revenue realisations of that year only, In other words, we were having only what may be termed budgets for a year. But, having special regard to the present conditions which demand our taking up expensive programmes under the post-war reconstruction schemes which cannot possibly be completed in a single year, but must necessarily be carried on for longer terms and in view of the possible fluctuations in our revenue under war conditions, it is proposed to adopt a three year plan, particularly in financing such schemes. The usual system of budgeting on a single year basis has, however, been followed in estimating the receipts and providing for the normal expenditure on running the routine of administration. It is also proposed that, with a view to avoid rush of expenditure towards the close of the year, the unspent balances of the year may be carried over to the succeeding year's allotment for expenditure during that year.

Keeping these principles in view, account has been taken of our probable receipts during the next three years with due reference, also in that connection, to the possible shrinkage of revenue on the termination of hostilities. It is expected that even on a most conservative basis 14 crores of rupees will be coming into our coffers during the next triennium. Even granting that the normal expenditure on administration during the period will take up Rs. 10½ crores on an average of Rs. 3·5 crores a year, there will still be a balance of Rs. 3½ crores which, with the recent loan of Rs. 3 crores and the revenue surpluses of previous years, which stand credited to our Reserve Funds, will make available to us between Rs 7 and 8 crores for the financing of the post-war reconstruction schemes on a three year basis.

On these considerations, the activities of the various departments of Government have been viewed either as normal activities or post-war activities and funds provided in the next year's budget, both for running the routine administration as well as for implementing the provisions of the post-war reconstruction scheme. The variations between the revised estimates for the current year and the budget estimates for the next year are, as usual, explained in the Budget Memorandum wherever such explanation is necessary. In regard to the normal activities, the departments which have been given precedence are the Public works, Agriculture, Industries, Education and Medical. The Public Works Department has come in for the first place, as no post-war development can ever be possible without an efficient system

of transport within the State. This will explain why a provision of Rs. 73·43 lakhs has been made in the next year's budget as against only Rs. 43·86 lakhs in the revised estimates for the current year.

POST-WAR RECONSTRUCTION.

10. I shall now attempt to give the House an idea of our post-war reconstruction scheme, without which no account of the next year's programme of expenditure can ever be regarded as complete. The programme of post-war re-construction so ably drawn up by you, Sir, is characteristically comprehensive. Aimed at developing all the natural resources of the State and their latent potentialities, the Scheme overlooks very few possibilities. In addition to what may be called the basic schemes for the expansion of education and of the State's Hydro-Electric resources, the programme includes, within its scope, a project for the manufacture of fertilisers and heavy chemicals, schemes for the promotion and enlargement of industries like Aluminium and Rubber products, not to speak of our cottage industries, the exploitation of the valuable mineral sands of the State and of the soft and hard wood resources of our forests for the production of ply-wood and ultimately rayon and artificial silk, the co-ordination of transport and the inauguration of machine tool industries for the manufacture of spare parts for the State Transport motor vehicles Ambitious though these schemes may appear to a pessimist, they are well within the realm of practical achievement; for the country has abundance of natural resources to be exploited on, a large capital reserve for financing such schemes and last, but not least, an organising genius in you, Sir, able and willing to plan and execute any scheme of development. The scheme is proposed to be worked out in co-ordination with the Government of India who have already circularised this Government as to our post-war reconstruction programme. Government have already appointed four Sub-Committees within the Post-war Reconstruction Committee for reporting on the preliminaries to be fixed up for implementing the provisions of the scheme.

The various works which form the component parts of the whole scheme may be grouped under four broad, basic sub-divisions. These groups are works for the development of Hydro-Electric power, programme in furtherance of post-war industrial development, development of agriculture and fisheries including deep sea fishing and increased production of food stuffs as also the co-ordination of transport facilities. The works are proposed to be carried out through the agency of the Public Works, Industries, Agriculture, Electricity, Fisheries and Forest Departments. The Public Works Department will be in charge of the works in connection with irrigation, road construction, canal improvement, backwaters reclamation, coastal navigation and improvement of Ports, Aerodrome and Town planning scheme. The Electricity Department will, for the present, attend to the development of our Hydro-Electric resources by completing the

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works already taken up and also taking up such new works as could be possibly executed at present with the machinery and equipments available under the present conditions. To the share of the Forest and Industries Departments fall the works connected with the Fertilisers and Chemicals, the Rubber Factory, the Glass Works, the Ceramic and the Cement factories. The Agricultural Department will take up the investigation and demonstrations relating to the cultivation of dry crops and of sericulture. The Forest Department will also give its special attention to the organisation and execution of a well-planned scheme for the regeneration of fuel to meet the growing demands of the country and for the production of charcoal on a large scale for the use of our industrial concerns in substitution of the more costly and less available coal and petrol.

The post-war reconstruction scheme I have been describing to the House is estimated to involve an out lay of about Rs 5 crores, out of which a sum of Rs 1·35 crores is provided in the budget for the next year on a three year basis and what is proposed to be done immediately is mostly in the shape of preliminary investigations, survey etc., required for putting the scheme into actual execution, as soon as possible after the war or even earlier, if the necessary plant and machinery. etc., would become available. The House will, no doubt, be interested to be told that, with a view to implementing the post-war reconstruction programme of the Government and to initiate and supervise the cottage and small industries scheme as a counter-part of the bigger scheme of post-war reconstruction, arrangements are in progress for the selection and appointment of an officer with wide practical experience of the working of industrial establishments and of cottage industries.

11. I shall now refer to some of the activities of Government included in the programme of expenditure for the next year, which though apparently not in the nature of post-war reconstruction schemes, falling as they do within the ordinary sphere of the normal functions of Government, have really a great bearing on the advancement and regeneration of the country, which is the paramount aim of a post-war reconstruction scheme.

12. *Education.*—The real appreciation of any scheme and the successful execution thereof depend to a considerable extent on a literate mass. Though ours is a State that may legitimately be proud of being in the front ranks in point of higher education, much has yet to be done in the education of the mass in respect of primary education. It is proposed to make primary education, which, though free, is not obligatory now, compulsory on all boys and girls between the ages of 6 and 11 by promulgating the necessary legislative enactments. A provision of Rs. 5 lakhs has been made in the next year's budget for starting the scheme of compulsory primary education within the Corporation limits of Trivandrum, for the necessary

expenditure on buildings, equipment, salaries and also free feeding, clothing and supply of books for about half the number of the pupils. The extension of compulsory education throughout the whole State will be taken up in instalments in the light of the experience of the working of the scheme at Trivandrum.

Talking on education, I feel that I must say something about the new phases of the activities of the Travancore University. Two sides of recent activities call for special mention. One is the introduction of a course of study in Military science in the University for the cadets of the Travancore University Officers' Training and Labour Corps and the other is the visual education scheme. The military training course is for a period of three years and the standard of instruction proposed to be given is the same as that of the corresponding course of the Government of India. The candidates coming out successful after the course will be considered for higher appointments in the State Forces and analgous services. The visual education scheme started under the auspices of the University aims at exhibiting educational films at a public theatre by the students of the local Colleges and English High Schools. The Government grant to the University for the next year is proposed to be fixed at Rs. 11·5 lakhs against Rs. 9·4 lakhs in the current year.

13. *Medical.*—The proposal to concentrate attention on the development and the conversion of the existing medical institutions into four or five first class well equipped hospitals in selected centres leaving the others as dispensaries has, for some time, been engaging the attention of Government. The idea is that instead of having to maintain a large number of hospitals in various centres, it would be better to have a smaller number of hospitals in a few selected centres equipped and conducted on up-to-date lines with all the facilities and appliances required to render those institutions, a centre of expert medical advice. The Government dispensaries and the existing minor hospitals within easy reach of one of the central institutions will act as feeders to the central institution. It is proposed for the present to have four central institutions, one at Trivandrum and the others at Quilon, Alleppy and Kottayam. The scheme is to be started in the General Hospital, Trivandrum and a sum of Rs. 5 lakhs has been provided in the budget, Rs. 3 lakhs in the Public Works budget for buildings and Rs. 2 lakhs in the Medical budget for equipment. The plans for the construction of the buildings have already been drawn up and sent to Bombay for scrutiny and criticism by leading medical men and engineers of the place. Government will be able to work out the scheme in full within a period of three years, spending on an average about Rs. 5 lakhs a year.

14. *Uplift of Backward Communities*—Our programme of work of uplift of backward communities continues unabated and besides for the continuance of the normal activities of the department on a progressive scale, special provision has been made in the budget for the next year for various ameliorative measures, such as the provision of house sites

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wells, common buildings and educational concessions and also for the demonstration of animal husbandry, poultry farming on a scientific basis, weaving, paper making and other cottage industries at the rural development centre at Sachivottamapuram.

15. *Food problem.*—I shall now proceed to explain to the House our debt position and our assets and liabilities. But before doing so, I must make a reference to the most trying problem of the day, the problem that taxes the Government as a Body Corporate as well as the individual, I mean the food problem. In view of the inadequacy of the local production of food grains to meet our minimum requirements and the present difficulties in obtaining and transporting from outside areas, the food grains required for supplementing our needs, the situation is being met by a rigid system of rationing and by the purchase by Government at controlled prices of the excess food grains available with the public for redistribution to the public who are short of their requirements. Though it may be that under the rationing system, every man may not receive his full quota, Government have the satisfaction that every one will get his due share instead of some getting more than what is required and, others, nothing at all.

To meet the situation arising out of the scarcity of foodstuffs in the State, Government have till now advanced Rs. 13·14 crores for the purchase of food stuffs. Sales have been effected and remittances made against this advance to the extent of Rs. 7·87 crores and the balance stands invested in food stuffs. The commodities purchased include, besides the principal foodgrains imported from outside and local paddy, pulses of various kinds which are not easily procurable by private merchants, and for which the States have been allowed quotas. Government have at present in stock non-rationed commodities costing about Rs. 92 lakhs. 98 lakhs of paras of local paddy costing Rs. 146·55 lakhs were purchased during the year and 61 lakhs of paras were rationed to the public.

The Government of India preliminary Karif Plan for rice, millets and maize and the Basic Plan for pulses run up to October 1944 and the preliminary Rabi Plan for wheat runs up to April 1945, after which fresh plans will commence working. To purchase the balance of food stuffs covered by the current plans during the next year and the quantities that may be allowed against fresh plans which may come into force after the aforesaid dates, and for the acquisition of local paddy, we may have to advance about Rs. 9 crores. Sales during the next year are also expected to amount to Rs. 9 crores. The net investment of about Rs. 526·64 lakhs may therefore continue at the end of 1120 also and will represent the value of the stock which we have to keep in reserve to enable us to make our periodical releases to the public.

Government have also provided a sum of Rs. 11 lakhs for expenditure next year in connection with the procurement, transport, storage, control and distribution of food-stuffs including construction of godowns.

DEBT POSITION.

16. A statement of assets and liabilities is furnished on pages 12 and 13 of the Budget Estimates. It will be seen therefrom that our liabilities at the close of 1120 including the balances at the credit of some of the Funds such as the General Reserve Fund, the Revenue Reserve Fund and the Post War Reconstruction Fund, which are not repayable at call will aggregate Rs. 17·17 crores. Against this liability our assets including the outlay on our productive schemes amount to Rs. 17·56 crores, which is Rs. 39 lakhs in excess of the liabilities. It may however be mentioned that the above assets do not include the out-lay on the Kodayar Project Scheme and on non-productive capital schemes. If these are also taken into account the total assets would exceed the liabilities by more than Rs. 2·84 crores. Our debt position may therefore be considered as satisfactory.

WAYS AND MEANS.

17. The final accounts of 1118 have resulted in a cash balance of Rs. 114·57 lakhs. Including the receipt of Rs. 35·63 lakhs from short-term deposits in Banks and the loan amount of Rs. 205·36 lakhs, the transactions during the current year under Revenue, Capital and Debt heads will result in a net receipt of Rs. 89·88 lakhs The year is therefore expected to close with a cash balance of Rs. 204·45 lakhs. The several transactions during the next year are estimated to result in a net withdrawal of Rs. 22·83 lakhs, thus reducing the balance to Rs. 181·62 lakhs. As such a large balance may not be necessary to carry on the day to day transactions of Government, including the food Grains Purchase programme, it is proposed to invest Rs 50 lakhs in short term deposits in Banks. We will thus have at the end of the next year a cash balance of Rs. 131·62 lakhs and Short term deposits in Banks to the extent of Rs. 50 lakhs besides other safe and fluid investments in gilt-edged securities and gold *aggregating Rs. 190 lakhs.* The cash position will therefore be as strong as ever.

THE PAST DECADE—A RETROSPECT.

18. Before concluding, I seek your indulgence, Sir, for a few minutes more, so that I may present to the House a brief survey of the financial progress of the State during the past decade.

Due to the general and special remissions of land tax sanctioned by Government, the revenue for 1110 was only Rs. 227 lakhs. Since then, it began to rise steadily and exceeded the 2½ crore mark in 1112 as a result of the special receipt on account of the refund by the British Government of the duty on Jaffna Tobacco pooled for division in the apportionment of the Cochin Harbour receipts in previous years. During the succeeding three years, our revenues were more or less keeping up this level. In 1116 the revenue exceeded Rs. 2¾ crores mainly on account of the adjustment in that year's accounts of the receipts from the Cochin Harbour Scheme for two years. From 1117 onwards there has been a steady increase from Rs. 314 lakhs in 1117

[Mr. S. Narayana Aiyar.]

to Rs. 398 lakhs in 1118 and still further to Rs. 489 lakhs in the current year. The revenue for the next year is expected to exceed Rs. 5¼ crores which is the highest on record.

On a review of the receipts under the principal heads of revenue, it is seen that Customs revenue had been progressing steadily from Rs. 42·48 lakhs in 1110 to Rs. 54·24 lakhs in 1117. Due to high prices of our commercial crops, brought about by the war, and the imposition of new export duties and revision of tariff values, the revenue is expected to reach the level of Rs. 74·39 lakhs in 1119. The anticipated decrease of a lakh in 1120 is under Excise duty on Matches. Excise revenue which was almost stationary at about Rs. 47 lakhs from 1110 to 1117, rose from Rs 59·4 lakhs in 1118 to Rs. 71·34 lakhs in 1119. It is expected to stand at Rs. 98·20 lakhs in 1120 as a result of the favourable results of the recent auction sales brought about by the greater spending power of the labouring classes and the consequent increased consumption of country-made liquor. Land Revenue which is more or less of a fixed character had however been fluctuating from 1110 to 1115 due to remissions on account of seasonal conditions. From 1116 onwards it has been almost stationary at Rs. 43 lakhs, the small increase in 1117 having been due to the collection of the accumulated arrears of previous years. Salt Revenue increased from Rs. 22·11 lakhs in 1110 to Rs. 24 71 lakhs in 1117 as a result mainly of the increased consumption of the commodity. Stamps and Registration revenues which stood at Rs. 27·51 lakhs declined to Rs. 24·78 lakhs in 1116. Since then, they rose to Rs. 50·82 lakhs in 1118 due to the phenomenal increase in the volume of transactions relating to investments on lands etc. as a result of the large surplus money in the country derived from the sale of commercial crops, war contracts etc. The revenue from these sources shows slight signs of decline and is expected to stand at Rs. 50 lakhs in 1120. Forest revenue which was Rs. 13·46 lakhs in 1110 rose to Rs. 14·97 lakhs in 1115. Owing to larger sales of timber and higher prices fetched therefor, the revenue steadily rose to Rs. 31·80 lakhs in 1118 and it is expected to stand at Rs. 50 lakhs in the current and ensuing years. Due to the revision of rates of income-tax, the imposition of super-tax and tax on agricultural income and larger profits realised by trade and industry, the revenue from Taxes on income has risen steadily from Rs. 5·22 lakhs in 1110 to Rs. 75 lakhs in 1119. With the imposition of the excess profits tax, the revenue in 1120 is expected to stand at Rs. 98·50 lakhs. The net receipt from the Electrical department, which stood at Rs. 3·2 lakhs in 1117 is expected to amount to Rs. 13·86 lakhs in 1120 and with the further development of the Pallivasal Hydro-Electric Scheme to its fullest extent, the scheme is expected to yield a fairly good return.

With the normal expansion of the activities of the several departments, the expenditure of the State has also been growing from year to year. From Rs. 231 lakhs in 1110, it rose to Rs. 295 lakhs in 1118 and is expected to stand at Rs. 364 lakhs at the close of the current year. The increase is marked under Interest

charges, Education, Medical and Public Health, P. W. D. and the Army. Interest charges have increased from Rs. 7 lakhs in 1110 to Rs. 19 lakhs in 1119, due to the increase in the Savings Bank and other deposit balances and also due to the interest on the $3\frac{1}{2}$ per cent. Loan—1956. Education expenditure has risen from Rs. 47 lakhs in 1110 to Rs. 54 lakhs in 1118 and still further to Rs. 60 lakhs in 1119 to keep pace with the normal growth of the department and on account of the inauguration of the University of Travancore and also the payment of war allowance to the staff including teachers in aided Primary Schools. 'Medical and Public Health' shows an increase of Rs. 6 lakhs in the decennium. P. W. D. expenditure which was Rs. 30 lakhs in 1110 has risen to Rs. 44 lakhs in 1119, as a result of the increased expenditure on works and maintenance, due mainly to the high prices of materials and increased cost of labour as a result of the war. Army expenditure which was Rs. 6 lakhs in 1110 has increased to Rs. 22 lakhs in 1119 on account of the increase in the strength of the Force, the payment of Indian Army rates of pay to the personnel of the Army serving outside the State, and increased expenditure under equipment and clothing due to the high prices ruling in the market.

19. The House will note from what I have just been stating that the era of deficits, which began with the slump of 1106 showed signs of recuperation in 1112 and it was possible in that year to set apart Rs. 12 lakhs as a reserve fund to be drawn upon to meet unforeseen expenditure in lean years. The strength thus gained was only short-lived and the deficits during the succeeding 3 years were kept at a minimum by adopting precautionary measures to reduce expenditure and increase revenue. The year 1116 which closed with a revenue surplus of Rs. 6·63 lakhs was followed by years of surpluses which amounted to Rs. 38 lakhs in 1117, Rs. 103 lakhs in 1118 and Rs. 125 lakhs estimated for 1119, in spite of increased expenditure on account of the grant of war allowance to subordinates and the general revision of pay. These surpluses have been credited either to the Revenue Reserve Fund or the Post-war Reconstruction Fund in view of the possible reverses which may have to be faced after the war.

20. Though we had financed during the period from 1110 to 1119 capital schemes, both productive and non-productive, to the extent of Rs. 568 lakhs and our food purchase programme of Rs. 13 crores besides discharging the 5 per cent. Loan of Rs. 14 75 lakhs, our borrowings in the open market amounted only to B. Rs. 350 lakhs, the balance of the expenditure having been met from the resources available with Government. I may therefore assure the House that we are in an unassailably sound financial position.

21. Sir, I have attempted to give the House, as best as I could, a general review of the state of our finances, present as well as prospective for the next year. The task of budgeting, difficult as it is even under normal circumstances, is all the more so under the present conditions and would have been difficult of accomplishment, but for

your kind guidance and far-seeing vision, inspired by an illustrious Sovereign, whose sole pre-occupation is the well-being of His subjects. Before I conclude, let me thank you, Sir, for your very able directions and invaluable assistance in my attempt to discharge my duty.

PRESIDENT: The House will now adjourn and meet again at 2 P. M.

The House adjourned at 12·50 P. M. and re-assembled at 2 P. M. with the Dewan-President in the Chair.

Mr. H. J. Todd, C. I. E., Resident for the Madras States, Mrs. Todd, and Mr. T. M. Krishnaswami Aiyar, Chief Justice, were seated on the dais.

The President spoke as follows :—

PRESIDENT:

Mr. Resident and fellow-members of the Legislature,—

In pursuance of the usual procedure it now devolves upon me to place before the members of the two Houses my remarks and statements on the budget proposals for the coming year and also it is my duty to make a review of the post-war problems of the State of Travancore and the plans they have before them in order to implement those problems. But, before I proceed to essay my proper task, it is my pleasant duty to tender my congratulations, as President of the two Houses, to the newly-elected and nominated members of the two Houses. It will be the object of the Government, and of me, as the President, to work in the fullest possible amity and co-operation with the Legislature exactly as in the past, and I trust we can look forward to a similar meed of co-operation and conjoint work in the future.

We have, before us, the financial statement and the budget proposals framed by the present Financial Secretary. At the outset, I may say that speaking for myself, and, I have no doubt, speaking on behalf of this joint sitting, he deserves congratulations for a lucid, careful and well-designed budget. I am very glad to say that he has done his task worthily. His predecessor Mr. A. Lakshminarayana Aiyar, whom we have recently lost, was a man of exceptional ability and of remarkable integrity. He was a man in whom the Government placed the utmost reliance. Behind a quiet exterior, he hid a strength of purpose and definiteness of outlook which made his proposals of the utmost value to the Government. We derived great assistance indeed in our financial transactions from Mr. Lakshminarayana Aiyar and especially in the matter of the promulgation and the implementing of the agricultural income-tax.

This is the ninth budget I am handling, and is the eighth budget which has been prepared under my instructions. And it may be useful by way of retrospect to compare certain figures with certain others. In the year 1112, when on account of the grace of His Highness, I took up the office of Head of this Administration, the revenue was Rs. 256·41 lakhs. The expenditure was Rs. 241·62 lakhs. Midway through the period *viz.*, in 1116, the revenue was Rs. 276 lakhs and expenditure Rs. 270 lakhs. For the coming year, we are budgeting for a total revenue of Rs. 532·19 lakhs and an expenditure of Rs. 461·33 lakhs. These totals, however, are not completely exhaustive. In the budget statement to which advertence was made by the Financial Secretary, it was stated that the income-tax and the agricultural income-tax were estimated to produce Rs. 75 lakhs. Until the 27th of Karkadagom, that is, until three days ago, the income of the year from agricultural income-tax and the ordinary income-tax was more than Rs. 85 lakhs. Therefore, these taxes have already exceeded the figures given by the Financial Secretary by over Rs. 10 lakhs. We expect similar increases under Forest and Excise also, so that this year, instead of the revised statement of less than Rs. 5 crores, we anticipate more than Rs. 5 crores actually. As the Financial Secretary has rightly pointed out, the probable income for the next year will be not far short of Rs. 6 crores.

Now, there are certain features in connection with this matter which may be borne in mind. In 1112, apart from Hyderabad and Mysore, there were four States which were more or less on the same level of receipts and expenditure. They were: Baroda, Kashmir, Gwalior and Travancore. Hyderabad was first; Mysore was second; and the other four States had each an income of about Rs. 2½ crores. We now stand thus: the revenue and expenditure for Kashmir, Gwalior and Baroda are in the neighbourhood of Rs. 3 to 4 crores, whereas the revenue of Travancore will be about 6 crores. In other words, to-day we occupy incontestably the position of being the third State in India in the matter of revenue. Not only that. When you take the receipts of Mysore into account you will find that according to the latest budget figures of Mysore the receipts are Rs. 8,10,80,000 including Rs. 1 crore by way of purchase of gold. In other words, the gold mines of Mysore produced Rs. 1 crore, a price which is determined by world conditions. I may therefore put the normal revenue of Mysore at about Rs. 7 crores—not very vastly greater than the revenues of a country which is a fourth of the size of Mysore and is less in population than Mysore. The latest figures for Baroda are: receipts Rs. 395 lakhs, expenditure Rs. 394 lakhs.

[President]

I am now turning to the general situation. So far as the war situation is concerned it is a matter for profound satisfaction and equally profound thankfulness that the war is now obviously nearing its end in the western hemisphere. How long the war,—so far as Japan is concerned—will last, we cannot yet predict with any certainty. He need not be a rash prophet who comes to the conclusion and proceeds on the basis of that conclusion that the war would not last for more than a year from now. The world has suffered greatly from the aggressive tendencies and predilections of a few persons and it will be a long and wearisome path which the world will have to tread before the old paths are retraced and a new world comes into being. But, as I said, it is a matter for profound thankfulness that we can at least see the beginning of the end, the culmination which is fast approaching, namely, the whole-sale and unequivocal victory for the Allies. In this connection it may be of use that the Honourable House and the country should be fully apprised of what we in our own limited and humble way have been doing for the purpose of advancing the war efforts. In the first place it is a matter again for profound satisfaction that we have contributed from Travancore over sixty-five thousand persons to the combatant forces—the Air Force, the Infantry and the Navy. Now I do not mean to go over again to the controversy about martial and the non-martial races. I think the Government of India have now realised that they made a great mistake in classifying certain races as martial and dubbing others as non-martial and thereby handicapping themselves against emergencies such as have arisen. The Government of India have seen the error of their ways and are retracing their steps, and I am glad to say that from every quarter come tributes as to the excellence and the heroic endeavours of persons drawn not only from the usual nuclei of recruitment, namely, the Punjab, the Dhogras of Kashmir, the Gurkhas of Nepal but also from Bengal, Bombay and Madras including the States. His Excellency the Governor of Madras in a series of speeches had expressed the fervent hope that mistakes made in the past in ignoring Madras as a recruiting centre would not be repeated in the future. I am stressing this because whatever view may be held in some quarters, the world is not going to be reformed in an hour. The question of the lion lying down with the lamb is all right so long as there are persons supervising both the lion and the lamb. Until a new world order with a supernational agency for enforcing international peace comes into being, we will find that preparations for warfare will be amongst the continuing preoccupations of all countries. And, therefore, it is a matter for satisfaction that judged by that test of being ready and willing to defend ourselves, we have not been found wanting.

In the work of the Central War Recruitment Committee, Mr. Todd, the Resident has very graciously consented to help us by acting as the Chairman of the Committee. That Committee has interviewed and selected over 400 persons for commissions in His Majesty's Forces. A separate Assistant Recruiting Officer is working in Trivandrum with Extra Assistant Recruiting Officers at Nagercoil, Trivandrum, Quilon, Alleppey, Tiruvalla and Kottayam.

I now turn to a branch which is as important as the combatant branch, namely, the Technical Branch connected with Transport, Engineering and various crafts.. I am glad to say that in these departments, next to Mysore, we are the foremost country in India. The total number of persons recruited to the Technical Branch to the end of June last was 16,863. Three centres of training in Travancore have supplied 1,272 technicians till the end of May. This is second only to that of Mysore which has five training centres, in the whole of India.

I now turn to another branch of real war activity and that is the Labour Corps. The Honourable members may not be fully aware of the work done by the Labour Corps. If to-day the Allied armies are beyond the confines of Assam and Manipur and are within seven miles of Burma, that result is undoubtedly due to the Americans, the British, the Kachins, Indians from all over the country and the Nagas but it is also to no slight extent due to Travancore and Cochin. The Labour Corps provided by these two States had built roads in the face of danger and bad climate and weather conditions and thereby made it possible for the Allied troops to advance, resulting in the favourable turn that the operations have taken. I am glad to say that in that great work, Travancore and Cochin had played no unworthy part.

This Government have supplied 63 Labour Units totalling 53,550 men. The men have received special appreciation from Major General Rankin of the Labour Unit Headquarters, Assam and I think it is my duty to place that before this Honourable House. Major General Rankin says that they 'have worked on projects of the highest importance and priority; on air fields, roads, depots, railway construction and many others, sometimes under difficult conditions, in bad weather and often, perhaps in uncongenial surroundings far away from their homes and families; they have worked, however, well and willingly and the results of their effort have materially assisted the war efforts.

[President]

He further says in these terms :—

> " If you agree and it is possible, I would request that this letter of mine should be circulated among the Indian State Labour Units recruited in Travancore. I have always done my best to take a personal interest in the welfare and work of the men, and I should very much like them to know that their efforts are being appreciated. "

It is therefore our duty in appraising the war work of the States to give adequate praise to the work of those humble labourers whose efforts have contributed so materially to the victorious results.

An advance of Rs. 66 lakhs has been received from the Government of India on account of raising these Units of which a sum of over Rs. 60 lakhs has already been disbursed. A sum of over Rs. 1 lakh has been received by Mr. Salter on account of compensation to be paid to the dependants of deceased personnel. A separate Anchal scheme has been introduced to help labourers in Assam in sending money to their dependants at home. A " State Soldiers', Sailors' and Airmen's Board " has been constituted. A State Welfare Officer is now working. It has been decided to appoint three Assistant Welfare Officers and Lady Assistant Welfare Officers. This has been done so that they may go to the members of the families of those men and give them news of what is happening and may keep their spirits at the requisite level. A military benevolent fund has been started to render financial help to disabled soldiers who are not eligible for disability pension. The State has contributed over Rs. 28 lakhs in cash till this day for war purposes and that has been indicated in the speech of the Financial Secretary. In addition we have contributed very largely in materials. I shall illustrate. Take coir for instance. Matting of different kinds; coir fenders; coir cordage, rope, yarn, string coir, gymnasia mats, tent-components, coir covers for oxygen cylinders—coir bags, coir fibre, etc., are important materials and orders amounting to more than Rs. 55 lakhs have been executed in Travancore. At one time it seemed as if mutual quarrels, mutual jealousies and the some-what bad system which the Government of India had inaugurated would handicap our efforts. At one time there was a danger of the jute of Bengal completely collapsing the coir of Travancore. At that time it fell to me and to the Dewan of Cochin jointly to interview the members of the Government of India and to put forward the very strong position of Travancore and Cochin with

regard to coir and coir products. We placed before them the facts that a large proportion of the people of Travancore in Alleppey and Shertallai are dependant on coir and coir fibre for their living and that therefore we said that a proper share of these things should be given to Travancore and Cochin. After a certain delay which is inevitable perhaps owing to official formalities, our proposition was acceded to. We made further efforts. We said that dealings with middle men contractors should be stopped, and this is an observation which applies not only to coir but to many other commodities as well, such as eggs etc., to which I shall refer later on. We placed before the Government of India our suggestion that rather than deal with middle men, rather than deal with profiteers they might deal with Governments straight. In other words the Government would act as the clearing agency for getting orders for the Government of India direct and they would distribute those orders to the people in the State who, they know, would fulfil those orders. I am glad to say that an organisation was brought into existence for the purpose of implementing Government's proposal and I would like to take this opportunity to say that, so far as the Government can see, that organisation is doing its work satisfactorily. The Coir Trade Committee and Coir Mats and Matting Manufacturers' Association and other factories are now working in this direction, Government being the main contractor functioning through the Coir Trade Committee. The Government of India, in the early stages of the war, were purchasing their timber requirements from merchants who bought timber from the Forest Depots of this Government in public auction. They found that the merchants were making enormous middle men's profits and so they are now dealing direct with the State Forest Department for all the material they want from Travancore. On this basis under the present system we have sold direct to the Government of India over 2,50,000 cubic feet during the current year as against 2 lakhs of cubic feet in 1118. Besides over a lakh of cubic feet of black-wood is being supplied for certain special purposes connected with the war.

I will now come to eggs. Before the war we were supplying eggs on a very large scale to the Madras Presidency, to Ceylon and to Burma. We were also supplying fish on a very large scale to Ceylon, to Burma and to other parts of India. Ceylon, in pursuance of a policy which is not my province to canvas, suddenly stopped all imports from Travancore, in fact from British India. The result was that Travancore had to take certain steps. But that is another matter. Anyhow our Ceylon

[President]

market for eggs came to an end. As regards other exports, after the South Eastern command has stationed at Colombo, for the purpose of the army a very large quantity of eggs is required. Similarly for the Bangalore command a very large quantity is required. Travancore is one of the largest producers of ordinary variety of hen's eggs and duck's eggs in the whole of India especially in the south of India. Yet what has been happening recently? As has happened in the case of coir originally, of timber afterwards and in respect of eggs, the military authorities have placed their orders with the middle man who is stationed in Ceylon, who has got an agent in Colombo. That is so far as supplies to Ceylon are concerned. For the Bangalore Section there is some officer in Madras who has appointed an agent in Travancore. He purchases from the producers and also from the retail dealers. The eggs are procured at low rates from these people. Unfortunately the producer of the eggs knows that the eggs cannot keep for a long time ; it will go bad. Therefore every day of delay for the middle man makes the price of eggs less and less and therefore he waits until the last moment, gets at the cheapest rate and supplies to Bangalore and Colombo, at rates incommensurate with the rates which he pays to the producer in Travancore. This has been going on now for many months,—for military purposes. The same question I humbly but most emphatically ask, why should they not buy through the Travancore Government who would themselves make arrangements to see that the producer gets the best price for his commodities and that supplies are made as easily as possible. I trust that this question will be answered in the affirmative by the military authorities as well as the Government of India. For the use of the Army and the Navy special arrangements have been made for the supply of 3 million eggs per mensem and to ensure prompt supplies being made, an "Egg Control Order" has been passed. It would work much better but for the point that I have now made.

War orders to the value of nearly Rs. 2¼ lakhs have been executed by the State Ceramic Factory for the Army. The Travancore Rubber Factory has supplied various rubber goods to the Supplies Department to the value of Rs. 37 lakhs. The figures are 1117—Rs. 14,43,275, 1118—20,73,788, 1119—1,99,495. Now it may be borne in mind that the Rubber Factory was a losing concern. It did not declare dividends for 3 successive years. The total amount that we invested in the building and machinery is in the neighbourhood of 9 to 10

lakhs and when it is remembered that within the last 3 years we have received over Rs. 37 lakhs from the Government of India, without the change of a single employee, but merely because of business management, people may see why the Government took the trouble of getting proper men to manage these affairs. The Travancore Government are perfectly prepared to say that whatever merits they may have, they do not include the running of a commercial business adequately and properly.

Now the war in its progress has led to certain startling results not contemplated by us. The amount of cheap and ready money that has come into the State is somewhat terrific. I deliberately say terrific because it has given rise to problems which are going to become very difficult indeed of solution. Many of those remittances are rightly coming to the dependants of the soldiers, sailors and airmen, and to the dependants of our Labour Corps. Those remittances are rightly earned by our war contractors and their dependants and friends. But how is that money used? That money is used to-day consciously or unconsciously, in the State, for the purpose of pushing up prices of materials. In fact China and India are the worst specimens in this respect. It is perhaps not known to many that the price of an egg in China is nearly Rs. 750! People are prepared to pay any price for food. The result is that the poor man, who has a fixed income, who is paid a monthly wage, the low-paid Government servant and the school teacher, in fact all persons who are paid so much per week or per month, are those whom this catastrophe has affected most. They cannot afford to pay for the things that they require, the price which other people persist in trying to push up. Not only this. People in India and in Travancore have started the habit of founding over-capitalized industries or so-called industries, banks and other institutions. What is going to be the result? Friends of mine in England have written to me, when I asked them why they were selling certain of their estates in Travancore. I am quoting a letter from an eminent gentleman connected with the planting industry that the shareholders are telling them "How are we to be prevented from selling our shares if we are offered twice or thrice the price which we expected in normal times in respect of those shares? These estates which were never paying more than 5, 6 or 7 per cent in normal days, in present-day prospects are expected to pay 15,20 or even 30 per cent! As soon as the war is over, as soon as the price of rubber and tea rockets down, as it inevitably must, the moment Burma is retaken and Malaya, Singapore and Sumatra pass

[President]

into the hands of their ultimate owners, the price of these shares will also fall down and then we can buy them back." That is what they are contemplating. The sales of large estates now owned by shareholders in England are made with the confident expectation that they can make a profit to-day by the sale and to-morrow by the repurchase of these estates. That is one direction in which the cheap money is operating. For these and analogous reasons the Government of England have already taken steps to prevent inflation. The Government in America are also taking steps in the matter, though more tardily and in spite of much greater opposition, because vested interests are much more strong in America than in England. In India, quite recently, the anti-inflationary drive began. What we have done here is to issue what is called the Capital Issues Order, to raise the State Loan, to impose agricultural incometax and now to impose Excess Profits Tax. A tax on agricultural income was levied with effect from the current year and I have already given you the figures in respect of the outcome of our efforts.

Next I want to deal with certain questions which have been addressed to Government. The House is composed of newly elected and nominated members and a great deal of latitude naturally must be given to them. They may not be aware that Government are not conducted like private corporations. Some questions show evidently that it was assumed that the State Loan was, in some mysterious manner, intended to benefit the outsider. I shall pause here for a moment and refer to a statement I have made on previous occasions in regard to outsiders non-Travancoreans and foreigners. That is a suicidal cry to raise at the best of times, because everyone from Travancore has been hospitably received, and everyone from Travancore has received high appointments in outside places. Financial assistance has been given to Travancoreans in the outside districts with great enthusiasm. The cry of Travancore for Travancoreans while being perfectly legitimate to a point, cannot be pushed further in respect of State Loans. For instance, let us take the question: how much have the outsiders been benefited by the State Loan? The figures are remarkable and show how little of that money which is very easily obtained and which is to-day in the hands of war profiteers and contractors has been invested. They say in their prospectuses that their money will bring back 10, 15, 20, 25 per cent; why should they then invest in a 3 per cent loan. Naturally therefore, in Travancore those people who have money have not tried to invest in the Travancore loans. The loan

was for three crores of rupees. For this we had offers of Rs. 7,28,54,800 of which the demands from non-Travancoreans amounted to five crores and odd, while those from Travancoreans amounted to a little over a crore and 29 lakhs. I feel that Travancoreans could very well have subscribed not only for three crores but for five, seven or ten crores. Knowing that this was a short-sighted policy pursued by certain people in Travancore who did not know their own interests but who were willing to put their money in speculative enterprises rather than invest it in Government loans, the Government then took the next step. The result of it was that the Palace subscribed 46 lakhs of rupees and the Devaswom Department 36 lakhs of rupees. In the result, out of the total amount, the amount allotted within Travancore is nearly 135 lakhs of rupees, and this comes to nearly 50 per cent. This money was formerly invested in 3½ per cent. loans elsewhere, but it was taken away and invested with the Travancore Government. I may say now that if the Palace and the Devaswom Department had not taken that step the outsiders would have got the most benefit. Anyhow, I am glad that the question has been raised because it has enabled me to explain how short-sighted is the policy of the Travancore capitalist and how he has not tried to play fair by the State. I shall go further and say that out of 380 applications in Travancore for Rs. 129,67,000, about 53 lakhs were allotted. That comes to 41·6 per cent. Out of 630 applications from outside, nearly Rs 1.64,00,000 was allotted which is a percentage of 31·7. This is the whole story of the Travancore Loans.

One more feature may be mentioned. The Government made up their minds that the small investor, the non-speculating small investor should get the full allotment. Therefore those applications for Rs. 5,000 and less were fully accepted. 60 per cent. allotments were made in respect of applications for amounts between Rs. 5,000 and Rs. 10,000, and in respect of the remaining applications about 20 to 25 per cent. allotments were made.

The idea of floating the State Loan was to absorb the surplus money that has come into the State as a result, directly or indirectly, of the war, and which, according to the computations that are before us may be put to a total of eight to ten crores of rupees. Now, out of these eight or ten crores, we have got just over a crore.

To control the floatation of speculative ventures, a "Capital Issues Order" was introduced in March 1944, and its scope has been extended by an amendment made in July 1944. The figures which I shall give now will be useful. During the first five

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months of its operation, 82 applications were received, the amount involved being Rs. 443 lakhs. These represent the new companies to be floated in Travancore. Of these 82 applications 58 were accepted. 11 of the applications for an aggregate capital of Rs. 104 lakhs were from industrial concerns. Many of these applications were refused. The grounds for our refusal are the following:—

(i) over-valuation of the estates proposed to be purchased. Two years ago certain persons over-valued these estates, *i. e.*, estates worth, let us say Rs. 10,000 were given values by these people deliberately at Rs. 35,000. Where we have had to suspect such over-valuation, we have refused applications.

(ii) Other grounds were the proposal to issue shares of low denomination such as of the nominal value of one rupee and two rupees, and preference shares, and debentures proposed to be given on excessive rate of dividend, prejudicing the interests of the ordinary shareholders. In one case dividends of 18 and 20 per cent. were proposed.

Finally, we come to the Excess Profits Duty. Until quite recently this Government were averse to introducing any Excess Profits Duty as such. Excess Profits Duty has been in force in England from the outbreak of the war. It has been in force in India for the last three years. Notwithstanding that, the Government of India were anxious that there should be some uniformity in the various States and the Provinces of India in this matter and that Excess Profits Duty should be levied in these States and Provinces. This Government deliberately said 'No'. The reason was this—for the first year or two this Government were entitled to put forward this argument. People in the north of India did not always realise what the painful feature of agriculture, industry, and planting is in the south. Tea, Rubber and Coir and all those commodities on which the prosperity of the State depended before the war went down in prices terrifically and tremendously. This Government was therefore willing and anxious that those who had suffered in the past should not be mulcted of their profits until at least they had recouped for their suffering and losses of the past. But when it was found that so far from these big profiteers merely recouping themselves they were starting on speculative transactions of a deleterious character, it became impossible to resist the question of uniformity. It is impossible to resist what my friend Mr. Nenmeni and Sir Jeremy Raisman the Finance member, told

me that there is a limit to this kind of pampering of those who are doing nothing for the State. Now we are making them compulsorily to do something for the State. Why? This money, as the Financial Secretary's memorandum has explained, is not going to be used for any purpose connected with the ordinary or routine administration of the Government Part of this money will be refunded provided that a certain amount of real legitimate industrial expansion is helped by the people concerned. The full details of the scheme will appear when the measure comes before the country. But the point is this. It was not possible for this Government to lag behind in the anti-inflationary race and therefore, we came to the conclusion that at a much lower rate than the Government of India and with the restrictions which will enable us to canalize that money, we shall levy an Excess Profits Duty which, I may add, does not superimpose itself upon agricultural income-tax. It arises in the case of certain business which has made profits above the normal or ordinary.

This is so far as the revenue side is concerned. Now summarising what I wanted to say, we have not imposed any fresh taxation apart from agricultural income-tax during all these years. We have not raised taxation so far as the poor peasants are concerned. We have sought, in the matter of agricultural taxation, only to tax the people getting fairly high minimum income. We have sought to tax, so far as Excess Profits Duty is concerned, those who make a very big profit, and those taxation measures are conducted in pursuance of the principles which I have already indicated.

Now, it might be asked why is it that so much money is needed by the State. As a matter of fact, in certain other series of questions it was suggested that perhaps the State loan was floated for the purpose of financing our food programme. Yes and No. We did not need that money for the purpose of foodgrains. We have spent 13 crores of rupees for the purchase of foodgrains. We have sold foodgrains to the extent of Rs. 7 crores and we have a stock worth between five and six crores. This we have done without reference to any question of loan. But we do not know what the future is going to bring. I shall illustrate. The monsoon is a failure already in many large portions of India. In Sind, whose annual rainfall is 10 or 15 inches, they have had 15 inches in a month. So Sind which was a land of drought is a land of floods today and we do not know what is going to happen to the wheat and rice intended for us which is kept there in the open in the Karachi Harbour. Naturally,

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we cannot blame the Sind Government. But the net result is that the grain that was destined for Travancore and Cochin, the wheat and rice destined for these countries may have been spoiled. That means that we may have to draw much upon our resources, That means that we have to pay much more for our foodgrains, I do not want to be pessimistic or to indulge in foreboding. But let us take the position. At the risk of being unduly pessimistic let me repeat what I have already stated at these budget meetings. The normal procedure in India would have been for Travancore to get her supplies of rice from Madras, for Madras to get supplies of wheat from the Central Provinces, for the Central Provinces to get her requirements from the United Provinces and the Punjab and the Sind. But what happens? We get rice and wheat from Bhawalpur, from Sind, from Orissa, from Madras and from the Central Provinces, and you know what transport is. Railway facilities are scarce. The result is there is universal dislocation and great delay. There is no use of getting bitterly pessimistic over the matter, The Government of India are trying their very best. They are importing experts after experts to advise them as to how to store rice, how to sell rice, how to buy rice and keep accounts, As regards rice, they are getting very best expert advice from all over the world. Fortified by this advice they tender advice to us from time to time. Sometimes their advice can be followed, but in many cases it is difficult to follow their advice because Delhi conditions are not the same as Travancore conditions. Nevertheless, they and we are striving to solve the problem. They are groping and we are groping alike. But grope as we might, try as we might, we cannot allow the people to starve. We must therefore have much resources of money in order that when order is restored and when the system is working smoothly, when the Transport Department is able to bring with smoothness all the grain from the Punjab and Sind to Travancore those provinces are able to supply eatable stuff. After all, what we find is this: we get wheat. It is called wheat though it does not look like it. We get rice, mildewed. We get dhal which is like cake. But the question might be asked "why should you not reject it?" Yes, reject it and get nothing else! When we tell the Government of India that our people here do not like millets, when we tell them that they do not know what *bajra* is, they say "very well, do not get millets, do not take *bajra*," and we cannot get anything else. Therefore whatever they offer—and I say this publicly and without fear of contradition,—whatever they offer, provided it is called foodstuff, we have to get it. There is no getting away from that fact. We have not done it silently.

We have shouted. We have cried. But they are in a difficulty as much as we are in. The Central Government is working in conjunction with the provincial autonomous provinces. Bengal must be heeded to. It says "We cannot spare anything. You cannot look into our accounts. We are a deficit province." The position, therefore, is that in the case of the provincially autonomous provinces, the powers of the Central Government are most lamentably limited. The result is that they cannot get accurate and up-to-date figures from the producing States and provinces. They cannot get accurate figures from the deficit provinces and States. But, I am glad to say that, notwithstanding all initial difficulties, the Government of India have done memorable service to Travancore and Cochin and come to our rescue at critical junctures. Like Lord Linlithgow, the former Viceroy, the present Viceroy, Lord Wavell has taken personal interest in our welfare and his methods are sure and swift and calculated to obtain speedy results. But there are many difficulties under which they are suffering. In addition to the difficulties of the provincially autonomous provinces, they are also suffering from the fact that the rolling stock of the rail is greatly depleted. But they are making some attempts to get over that difficulty and we hope for better results. However, we cannot bank upon those results. Tinnevelly, they say, is in the grip of famine. Naturally, the resources of Madras must be utilised on behalf of Tinnevelly. It may be that other portions where the monsoon has not been seasonal or plentiful may suffer in the same way. We must therefore keep our powdered rice, and this three crores, until it has been spent for other productive schemes like our post-war schemes, may be useful as a reserve. That is why that loan was taken.

Now, I come to another side of the picture. As already indicated by me on previous occasions, the men mainly affected by this rise in the prices and the rocketing of market values are Government servants and those with fixed income. There has been a revision of salaries with what is more substantial, namely, war allowances on a liberal scale involving an expenditure of Rs. 37½ lakhs on account of war allowance including allowances to pensioners and Rs. 10½ lakhs on account of revision of salaries.

I have already said that in regard to the procurement and distribution of food we are grateful and indebted to the Government of India and to the heads of the administration. But it is not only in the matter of food that the Government of India have been most helpful to us. Their Imperial Council of Agricultural Research has come to our help in many

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matters involving plant pests and the breeding of paddy and many research works, and their work hand in hand with the University has been of the utmost significance. In the matter of our hydro-electric developments, the Government of India have worked with the utmost willingness to help us. At this juncture, when it is difficult, well-nigh impossible for persons to get any machinery, the Government of India have agreed on account of the fact that our hydro-electric system is concerned mainly with the production of food and fertilizers for the growing of food—they have gone out of the way to give us special priorities and facilities for the purpose of importing machinery from England in order to enable us to start our hydro-electric plant as expeditiously as possible.

One of the points on which great stress has been laid by this Government is the question of fisheries in Travancore. The fisheries in Travancore are one of the greatest assets. When it is remembered that countries like Canada, Newfoundland and Norway practically live on their fisheries and that their main revenue is derived from fish products and industries connected with fish, and when it is remembered that Travancore produces perhaps one-fifth of the fish of India, the importance of developing our fisheries will be realised. Before the war this Government set up a cold storage plant and were negotiating for trawlers and other fishing arrangements under expert foreign guidance, but the war put an end to these activities. The Government of India have now sent an eminent representative of theirs, who is amongst us today, Dr. Beni Prasad, to help the Government of Travancore in regard to their post-war plans about fisheries. The Government of India are now fully cognisant of the importance to India as a whole, and to Travancore in particular, of the systematic exploitation of fish. It means the utilisation of research work. Unless you have deep sea fishing, unless you know the migratory habits of fish, where they spawn etc.,—researches of that kind have been conducted for years in other countries where trawlers are used and where they knew the habits of deep sea and fresh water fish near the coast fishing,—unless we consider all these in the light of modern knowledge, it would not be possible for us to progress in the matter. It is hoped that in collaboration with the Government of India, it would be possible for us not only to develop our fish industry but also to develop our export trade in the future. The Government of India have also supplied this State with a million tablets of a quinine substitute. In this and in many other ways the Government of India have been of the greatest assistance.

In this connection, I also wish to refer to the help we are getting from Madras and Cochin Governments. From the time Mr. Dixon took charge as Dewan of Cochin and continuously from that period when my friend Sir George Boag became Dewan, there has not been a single case of difference. In the matter of the procurement and distribution of food supplies, in the matter of transport, in the matter of many other interstatal problems, we are working in the most comradely spirit, and we are deeply indebted to Their Highnesses the Maharajas of Cochin and the two Dewans for their comrade ship and cooperation. To-day we have appointed joint agents for purchasing food-stuffs in the Punjab, Sind, Patiala and various other places. Those agents are nominated by the Government of India and by the local Governments. For instance, there is the Hyderabad Syndicate. The Hyderabad Government would ask us to purchase from that Syndicate. Similarly the Sind Government had a syndicate till recently for the purchase of wheat and pulses. Apparently that syndicate and the Sind legislature did not see eye to eye on many matters and therefore that syndicate has been dissolved. I do not know who is going to take the place of that syndicate. Our officers have only to forward what is purchased, to get into touch with those agencies and make arrangements for the transport of goods. In this connection, it might be stated that on no single occasion was there any lack of confidence between Travancore and Cochin officers. We have spent 13 crores and Cochin has spent 5·8 crores on the purchase of food-stuffs. This sum of over 18 crores had been spent by the two Governments together and there was no friction or difficulty in the purchase. That is a matter on which both Cochin and Travancore are entitled to congratulate themselves, and I wish to pay my tribute on behalf of the Travancore Administration to the Cochin Administration for the attitude they have adopted and the helpfulness they have evinced in the matter.

So far as the Madras Government is concerned, no doubt, like neighbours, like friends, like relations, we have had our quarrels. Relations will not be relations unless they quarrelled. Friends will not be friends unless there is a rift in the lute. On the 21st of August, *i. e.*, a week hence, His Excellency the Governor of Madras is going to inaugurate the Papanasam Hydro Electric Project. A portion of the power of that project is set apart for the benefit of Travancore and they are giving that power to us at specially favourable rates. Over and above that, quite recently there was a conference between the representatives of the Travancore and the Madras Governments at which

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they have both decided to exploit and explore the possibilities of utilising hydro-electric power from the Periyar area and the Cardamom area. That will be a very big scheme, a scheme equal in extent and in scope to the Pykara scheme. The lie of the land and the natural features compel the co-operation between the Madras and the Travancore Governments. That is a scheme which could have been started some years ago but as honourable members are aware there was a dispute pending between Travancore and Madras as to the utilisation of hydro-electric power, there was an arbitration, and Travancore won in it. Notwithstanding that victory, there is no doubt that the hydro-electric plant must be on the Madras side. Therefore it was that we approached them so that we will co-operate in the matter, put in capital together and divide the power. That project is in addition to the Pallivasal project and the other projects lower down which we are contemplating as these will not be sufficient to industrialise the State in four or five years. The pace we are contemplating in order to compete with similar countries outside India makes us develop our industries more, otherwise we will lag behind in the race. In this connection, I must say that there is no point in shutting our eyes to the fact which I have already hinted at before, namely, that in future the world is not going to be a non-competitive world but a fiercely competitive world. The facts are elementary. France has been overrun and ruined. The same thing with the Scandinavian countries, with Czechoslovakia and with Italy. The same thing is going to happen to Japan and to Germany in future. These countries must be fed. All the food resources of the world will have to be applied to feed these countries after the war. Therefore all the resources that might otherwise come to India will have to be diverted to come up to these countries, and rightly too. Not only that. In the matter of food resources these countries which are highly industrialised are not going to be un-industrialised; on the other hand they are going to be industrialised much more. India will not be able to survive in that competition unless she is industrially pre-potent. Therefore when people think of economics being postponed to politics or politics postponed to economics, or agriculture coming first or industry coming first, we will have to realise that unless arrangements are made for agriculture, politics and industry, unless politics and industry are reorganised, you will not be in a proper position to fight the competition from the belligerent and non-belligerent countries after the war. That is why we are somewhat like the man in the hurry so far as our schemes are concerned.

I am glad to tell you also that with regard to the fertilisers, the Madras Government has been most helpful. It is not a fact so well known as it ought to be that India was importing in the year 1938-1939, 76 thousand tons of sulphate of ammonia and other fertilisers and producing 25 thousand tons in India. The bulk of it came from the I. C. I and certain other organisations in England. Now, sulphate of ammonia, various phosphatic products and nitrogenous products are necessary for the soil. Some are necessary for paddy; some are more necessary for wheat; and some are more necessary for one kind of soil or other. It has been found that the rice plant requires more nitrogen and the soil here gives a negative response to nitrogen. The official figures make it out that by the application of artificial manures, the value of the rice crop in India will rise by about 5 crores per annum, a hundred per cent, increase, with 300 crores of extra grain. Those are the figures. We therefore made up our minds in Travancore, having regard to the fact that we possess the necessary raw materials for the fertilisers not only in this country but near this country, to start a fertiliser factory here. Now, the Madras Government had similar projects. Today, there is touring round India a Commission composed of the representatives of the Imperial Chemical Industries and other organisations who are trying to increase the production of ammonium sulphate in India. The present idea is that at the instance and with the full collaboration of the Imperial Chemical Industries, there should be started on a nation-wide basis a fertiliser industry. So far as Travancore is concerned, long before the Government of India had thought of it, we had taken certain steps and had entered into certain contracts. We have placed our orders and authorised the Fertilisers and Chemicals to increase their capital from Rs 1 crore to Rs 5 crores, a large portion of which will be taken by this Government. That is a matter of fundamental importance and therefore it was necessary to get into touch with the Government of Madras on this matter. I am very glad to tell this House that agreements of far-reaching importance have been arrived at. It has been provisionally agreed that if we are to start the Fertiliser Factory in Travancore the districts south of Madras will take their fertilisers from us, and that they will start their own fertiliser factory in the northern part of the Madras Presidency so that they may supply the northern districts. Thus co-operation of the two Governments is of the utmost importance in regard to the establishment of the fertiliser industry. Our negotiations in this regard have also extended to the Mysore State. In fact, it may be said that we have entered into correspondence on this matter with all our neighbours, Madras, Cochin and Mysore. We have thus established relations of economic and industrial co-operation.

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I pause here for a moment and I cannot omit on this occasion to refer to the future of the States and of this State in particular. One thing is clear about this State and many of the other States with whom I can claim considerable acquaintance. Not one of the Indian States will consent to a dismemberment of India into Pakistan, Hindusthan, Dravidasthan or any other Sthans. The States cannot be ignored in this discussion either by the British Government or the Government of India or the Congress and Muslim League. Many leading States are ahead of British India in many directions. More progress may have to be achieved but in any event the States are not unpatriotic. They have however considerable administrative experience and will not consent to divided loyalties due to competing sovereignties based on communal or racial grounds. The British Government had entered into certain relations with the States including Travancore. The Travancore Government and the British Government, for instance, had entered into certain treaties in 1795 and 1805. These treaties mean a link—weak or strong as the case may be—with whom is this link to be in the future, to one Government or to two or ten Governments? The answer is clear. What is to happen to States like Hyderabad or Bhopal or Patiala. Will they be under Hindu or Muslim paramountcy? Such are the problems that are clamouring for solution. So far as this Government is concerned and so far as I could predicate of other States in India, whatever proposals and counter-proposals may be evolved by political and quasi-political leaders, they will not assent to nor be a party to any variant of Pakistan. This may be confidently asserted so far as most States are concerned.

Certain questions have reached this Government with regard to the manner in which our food purchases were financed. The sale proceeds of foodgrains were sometimes not sufficient to meet the heavy purchases that were made. For a certain limited time, an overdraft account was opened with the Imperial Bank of India for about four or five months—on terms highly favourable to Government. The interest was at a favourable rate with a minimum of three per cent. That overdraft accommodation went up nearly to Rs. 175 lakhs. It has been closed already. At present we have a cash balance of Rs. 170 lakhs in the Imperial Bank. Government are now using 388 godowns for storing the foodgrains. They have commandeered private buildings; they have commandeered markets; they have commandeered various other places such as customs

godowns and so forth. Besides these godowns, there are granaries hired for stocking local paddy. Of the godowns, 86 are Government buildings. 302 have been hired from private owners. The total storage capacity of these godowns exceeds 20 lakhs of bags. Three permanent godowns at Trivandrum and two at Alleppey have been constructed at a total cost of Rs. 3 lakhs. Arrangements are being made for the construction of another godown at Quilon. Originally valloms alone were used for the transport of foodstuffs from Cochin. Later, the necessity arose for commandeering. Many of the commandeered valloms were not available as they were clandestinely employed for carrying private cargo. At this stage I pause for a moment I find that many of the owners of valloms in Travancore are deliberately registering their valloms in Cochin for the purpose of avoiding commandeering for carriage of food stuffs by the Travancore Government. The Cochin Government have therefore been addressed and those who resort to this practice will find very soon that this practice will not pay them. I do not wish to say more.

A special officer has been appointed and 400 policemen with a supervisory staff are functioning on escort duty and checking. Nevertheless, transport was not as quick as could be desired, and pilferage and damage could not be avoided. Efforts were, therefore, made to transport by sea from Karachi to Alleppey and Trivandrum, and for transhipment by sea from Cochin to Trivandrum, which saved the situation. The State purchased some schooners and kotias which were formerly conveying ilmenite. The War Transport and the Indian Shipping Controller rendered valuable assistance by providing a shuttle steamer service. We have, therefore, with the aid of the Government of India, the War Transport Department and such other agencies been able to transport by sea the foodstuffs that we require. Thus we have been able to start on our process of State-wide rationing.

Travancore and Cochin are now the two units which not only took the initiative in introducing a system of rationing but are taking to the system on a State-wide basis. Out of a total population of 60 lakhs, 55 lakhs have been included in the ration-cards issued up to the end of June, the rest being mostly land-owners and cultivators who have been permitted to retain the paddy produced in their own lands. Over 10 lakhs of cards have been distributed covering a total number of 93 lakhs of units. Of the above, seven lakhs of cards have been registered. During the harvest season, the average monthly off-take

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did not exceed 40 per cent. of the requirements. It is remarkable that exactly what was done by this Government three years ago is now being done in the Bengal and the United Provinces. I shall invite the attention of the honourable members to a recent communique issued by the United Provinces Government. "A sum of Rs. 100 lakhs was placed in a new fund called the Supply Schemes Stabilization Fund for meeting losses on the foodgrains and other supply schemes. A provisional profit and loss statement of the scheme for the year disclosed a loss of Rs. 90 lakhs." Fortunately, we did not incur so much loss, but that there is bound to be some loss, there is no gainsaying. At this moment, I must pause for a moment and pay a tribute to the army of officers who are doing most unfamiliar work efficiently. Secretariat officers, Tahsildars, Proverthicars and officers of that kind have never had any experience of buying and storing rice or wheat; reconditioning, transporting, or commandeering wheat or rice; and yet, low paid and high paid officers alike responded to the call of duty and have come manfully to perform the various tasks that were allotted to them. The fact that there was pilferage here and there, that there was damage or loss by weevils or some two-footed or four-footed beast is a matter on which there need not be any surprise, but in the long run it will be found that a body of public servants including non-official advisers who were called upon to meet an unexpected and unforeseen circumstance have risen valiantly and have saved the country from a famine from which Bengal has been suffering.

In regard to standard cloth, over 68 lakhs of yards valued at Rs 39 lakhs have been purchased by Government and over 10 lakhs yards have been sold. Government have requisitioned for a large percentage of their requirement being met in yarn because we are a large yarn consuming country. We have therefore purchased 4286 bales of yarn of which more than 1,800 bales have already been sold. This part of the work has been done by the State Postal (Anchal) Department. It is gratifying to note that the Anchal and Excise Departments have come forward to do the work of cloth control without any increase in their personnel.

I now come to the post-war reconstruction proposals. There are six major irrigation schemes under contemplation at an estimated cost of Rs. 150 lakhs. All these schemes would have to be investigated. Expansion of lift irrigation in north and central Travancore would also be taken up.

Before we go further the question of road construction assumes paramount importance. I will pause here for a moment and answer another series of questions. It is not the intention of Government to have one mile of extra railway within the State. Whether from Cochin to Kottarakara or from Cochin to Quilon, it is deliberately not the policy of Government to extend the Railways. The reason is obvious. The reason is that on account of the presence of innumerable lagoons and backwaters, the general lie of the land, the hilly nature of the major part of the country and other factors it is uneconomic and unnecessary. But that is not all. No railway can compete with canals for heavy traffic. We have been suicidally foolish in not improving our canals. That foolishness must be rectifed and in no country where canals can be used for the carriage of heavy goods is the railway able to compete with the canal. What is needed is this: that the canals must be deepened and strengthened. I say 'deepened' and 'strengthened' for this reason, namely, the canals cannot carry heavy traffic unless valloms are towed by motors of high horse power. These motor boats travelling through the narrow canals set up the back wash which, unless they are well protected will spoil the banks.

Therefore any system of canal reorganisation involves also reconstruction of the banks of the canals. The reconstruction of the banks of the canals involves more of rubble and cement. Cement concreting of the roads is perhaps the best method of keeping the road from repair for a long time. The one cement concrete road we have from Trivandrum to the Cape is considered to be the best. I say that in no spirit of vanity. Every visitor who comes to Travancore knows that it is one of the best roads and has testified to that. In fact that may be one of the longest roads cement concreted in any part of India. Persons who have travelled along that road know what that road has meant in the matter of economy as to tyres, spare parts replacements, health of the people and especially freedom from dust, and various other things. It is the intention of Government to consider a scheme of cement-concreting the trunk roads immediately or as soon as possible in the same way as they have cement-concreted the road from Trivandrum to Cape Comorin. Arrangements have already been entered into with the Associated Cement Company which is the sole authority in India and which is a Syndicate of all companies, for the establishment of a cement factory in Travancore. It is perhaps difficult to obtain the necessary machinery and plant during the course of the war, but soon after the war, steps will be taken for the establishment of the factory. When that

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comes into effect, it will be easy for Government to undertake the concreting of trunk roads as well as to improve the canal bunds. If the canals are dug deeper it will facilitate the carrying of heavier traffic while the roads will carry the lighter traffic of the passengers. Therefore it is perfectly clear that any extensive system of railway construction is not only uneconomical but also unnecessary. As a matter of fact, the railway that is now constructed in Travancore is perhaps the worst one for the purpose of Travancore. It does not serve any big centres of operation. It passes through the Ghat Section which serves no public interests. On the other hand if the railway had been extended from Tinnevelly to Trivandrum, it would have made all the difference. When it passes through the Nanjinad area, the public interests of the country would have been served adequately and well. Until before the war the Travancore section of the railway was running at a loss. Now, on account of war conditions, we are getting some income out of the railway. And this will not be a phenomenon of long duration. An investigating staff will very shortly work in connection with the construction of national high ways which forms part of the post-war reconstruction scheme of the Government of India. The concreting of trunk roads will involve a cost of over Rs. 1½ crores for 300 miles of trunk roads. It is the idea of Government to undertake this work only after cement becomes available at fairly reasonable rates. But there is one point for investigation. The lime shells of the Vembanad lake are regarded by experts as among the best material for purposes of cement. Pursuant to this policy, the Government propose to undertake as part of the post-war reconstruction programme, the restoration of the A. V. M. canal which costs about 10 lakhs of rupees and widening and deepening of the existing canals on the coast line from Trivandrum to Alleppey which involves about 6 lakhs of rupees. Over and above that, with regard to backwaters, the position of reclamation has to be investigated. To those persons who had raised the question as to disafforesting the large tracts of hundreds and thousands of acres of forest lands—that is one of the questions addressed to Government,—I may say that it is not the policy of Government to disafforest any of the existing forests because they are needed for our industrial purposes. Travancore timber and soft woods are required for the purpose of plywood manufacture and there are also great possibilities for producing rayon and artificial silk from our forest resources. Japan and Canada were very prosperous on account of this industry before the war. Japan was not a cotton producing country and it developed the industry of artificial silk production in its place.

It is therefore the aim of Government to conserve the reserve forests in the land not only for the purpose of soft wood but also for developing the rayon and artificial silk industries. In order to do that chemicals are needed for the manufacture of fertilisers. It is the aim of Government to locate fertiliser factories in important centres so that the regional needs may be met by local production. We require some more lands because our population is increasing. Where are we to go for that? Considering all these problems and after bestowing sufficient thought on them this Government have come to the conclusion that they must, follow at a great distance but in devoutness the example of Parasurama. We must reclaim land and land can be reclaimed only from the backwaters. The problem is not a simple one. It involves considerations of great magnitude. Supposing you reclaim the backwater land, where are the backwater and river waters to go? Supposing some land is flooded, how are we to give possible relief to that? Supposing, there is silt formation in certain parts of the land as has happened in Alleppey, what are we to do to remove that formation? It is likely that mud banks may be formed and they have to be attended to immediately. These are problems facing the foremost authorities in the world. America has met such problems. Holland has faced such schemes. The American and Dutch experts must come and help us. If that is done we will get about 500 sq. miles of land and that means our food problem will be solved. Therefore reclamation of the backwaters is one of the most fundamental of the post-war reconstruction schemes. In addition to that, it is a painful experience which the war has taught us that we cannot depend on the all-India railway system entirely. There was also the mercantile marine and that has ceased to exist. It will have to be built up gradually and in the building of which, Travancore must play an important part worthy of the State's maritime history and tradition. We have decided on doing that. That is one of the other aspects of the post-war schemes.

At this juncture it is also my pleasing duty to inform the House that we are faced with the problem confronting Travancore with regard to its cattle shortage. Madras will not export its cattle to Travancore. They have their own difficulties. But the difficulty is that in the old days the cattle that came to Travancore to graze gave us manure which enabled us to fertilise our fields. We are making representations to Madras about this matter and I trust that the good offices of the political officers will bring about fruitful results. But whether we succeed or not, the question of fertilisers is of great importance. We placed

[President.]

all our cards on the table and I am glad to inform the House that the Government of India have very kindly agreed to supply 1,200 tons of ammonium sulphate by the end of October 1944 to be applied to the main rice crop till September and another 1200 tons to be applied to the first rice crop thereafter at half the cost. This manure will be issued at half cost to rice cultivators only and our thanks are due to the Government of India for they are prepared to share the loss on this concession equally with the State on 50—50.

In connection with the rubber factory it is our deliberate ideal and the object of this Government not merely to improve the quality of rubber goods but also to manufacture the kinds of tyres required for motor vehicles and other rubber articles in Travancore at the earliest opportunity. At present Messrs. Dunlop & Co, have agreed to help us in the manufacture of tyres. But it is and should be an indigenous enterprise started and run by Indians and the idea of this Government is that as soon as conditions are propitious and the necessary machinery becomes available for this purpose, the biggest rubber producer of India would also become the rubber manufacturer of India and would produce all rubber goods needed for the country's needs.

Like the great Aluminium industry now started in the State, the Glass works at Alwaye have a great future, because the raw material available at the site is superior to anything else in India. The experts who have seen these works as also the Shertallai sands and their excellent standard think that no materials anywhere else could stand comparison with it. The Ogale Glass factory is able to produce the best articles.

The same thing can be said of the Ceramic factory. Our China clay is as good as, if not better than, the best quality ever produced in India and hereafter most of the clay will be transmuted into household utensils and vessels by the operation of cottage industries alone. It is not possible for the Travancore Ceramic Factory to compete after the war with France, Bohemia, England and China, in regard to the production of high class porcelain. On the other hand, with the China clay at our disposal which we can always sell for paper making and textile sizing, we can demand any price we want in view of its high quality. The rest may be utilised for the purpose of making utensils and vessels which are needed for the countryside by handing over that China clay under a system of co-operative enterprise to various Village unions organised on sound basis so that they may turn out the

articles needed for the village and the countryside. That then is the scheme of the Government. I may also say that this Government have forwarded indents to the Government of India for a large supply of steel and iron required for agricultural implements in pursuance of the scheme recently designed by the Government of India. So much for the industries.

But these industries and the post-war development of these industries will be of very little use unless the men of the country are prepared to take up those industries and work. The intelligence of the Travancorean is beyond controversy. His ready assimilability and adaptability are equally beyond doubt. What he needs is literacy and education, and education if granted in abundant measure will bring us all the benefits that we are asking. It is from that point of view that we have made up our minds to start the primary compulsory education in Trivandrum Town as the unit. It will have to be taken up as a primary responsibility of the State. The mutual relationships between the State and private agencies have to be carefully worked out; the teachers have to be paid adequately in both the sets of institutions; certain minima of efficiency have to be insisted upon; and how far and to what extent private agencies can co-operate in that endeavour is a matter for investigation. Many questions about curricula might arise; then questions will have to be solved in the actual working. That is why we are making an experiment in that line in the capital city so that we can closely and continuously watch its working. A very influential Education Reorganisation Committee has been sitting on the whole subject of primary, secondary and university education and they are fairly well through their programmes. I have already said about the work turned out by the university and persons who are not familiar with what has been turned out by this university may not realise what within a few years' time has been done by this body. I have before me a volume published by the Inter-University Board of India which points out the various research work done by the different universities and refers to the items of important research work done by our university and its research body of which Dr. Moudgill is the illustrious chief. This is the result.

We have done work which is worth while in the field of Mathematics, Engineering, Chemistry, Botany, Zoology, Bacteriology, and Protozoology. We have nothing to be ashamed. The university is working and will work hand in hand with the State in utilising scientific knowledge for the needs of the country.

[President.]

The Financial Secretary has already stated and indicated what our ideas as to the Medical Department are and I do not wish to repeat those statements.

I wish, however, to refer to one field where we have been oblivious of facts and where we have lost incalculably. That is in respect of one of our great treasures, the mineral sands of Travancore. On account of the difficulty of the chemistry and physics of the subject and on account of the lack of people scientifically trained in geology and the allied arts, we have been foolish enough to give long leases to various concerns for exploiting our mineral soil. It was not even known how these mineral sands were used. All that we know was that hundreds and thousands of tons went outside the State from the year 1098 when long leases of the coast line were made to various companies till the year 1118. Up till now about 766,000 cwts. of monazite, 349,498 cwts. of ilmenite and 379,746 cwts. of zircon have gone outside the State. We got one rupee per ton as royalty for ilmenite, Rs. 30 for monazite and Rs. 7½ for zircon, and we thought that because we got something annually out of these royalties, we had done a wise thing. But we have really been doing otherwise. In regard to ilmenite I have heard stories of how the demand is falling and how there is no real market for it, and that unless the rates are lowered things would go bad. But I now find that it is not so, and in order to illustrate my point I am quoting from a recent publication. This is from the 'Scientific American' of June 1944.

"From one of the blackest of black substances, ilmenite, comes the whitest of whites, which is also the ninth commonest element in the earth's crust. Between breakfast and bedtime everyone is sure to handle at least one object containing this substance— which is ilmenite.

Although titanium is an important ingredient in such every-day things as fabrics, linoleum, refrigerator enamels, paper and white paint, as recently as World War I, it had scarcely any commercial value and even to-day is chemically among the lesser known elements. Yet among the thousands of chemical compounds manufactured by Du Pont it is one of the most versatile.

Titanium issued by the armed forces in the protective creams that safeguard skins against painful flashburns inside gun turrets and in other creams that offer protection against sunburn and insects in the tropics.

This same titanium dioxide, as an ingredient of the coating for welding rods, assists in maintaining a steadier arc and in improving the weld.

It is titanium dioxide which gives present-day white paints their extraordinary whiteness and hiding power, and the lighter colours their clarity and resistance to fading.

x x x x

Linoleum and felt base floor coverings owe much of their resiliency and long wear to this compound. It reaches the consumer in coated fabrics even in soap."

x x x x

Until I read this seven or eight days ago I never knew any of the uses to which ilmenite is put to by our American friends. Therefore our programme should be to put the proposal to our American friends to arrange to do the manufacturing in Travancore. We shall work hand in hand with them. We shall be helped by them. I am not a person who discards scientific advice, trained business organisation and trained business methods. Let them come here and make common cause with us and not export these sands to America.

I have done. It has been my endeavour to point out that the tasks before this country are numerous and urgent These programmes can be contemplated, envisaged and carried out only in complete co-operation with our sister States and Provinces. India as a whole must be closely knit before comprehensive agricultural or industrial progress in the real sense is possible. India by tradition and by culture is one and indivisible and must strive to function as a single and one-pointed unit *vis-a-vis* the world at large. Our State should become a powerful agricultural and industrial unit and not a mere importer but a manufacturer and exporter and no mere borrower. This reconstruction can be brought about if accompanied by a renaissance of national will and national endeavour, working under the aegis of His Highness the Maharaja, whose love for his subjects and solicitude for their welfare are so well-known.

The House will now adjourn and the Assembly will meet on the 17th August 1944.

The joint sitting terminated at 3-53 P. M.

S. VAIDYANATHA AIYAR,
Secretary to the Sri Mulam Assembly.